

Message Text

CONFIDENTIAL

PAGE 01 EC BRU 02349 091110Z

21

ACTION XMB-04

INFO OCT-01 EUR-12 EA-07 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 OPIC-03 LAB-04 SIL-01

AGR-05 L-03 PM-04 DODE-00 NSCE-00 SSO-00 USIE-00

INRE-00 /095 W

----- 054513

O R 091011Z MAR 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 699

INFO ALL EC CAPITALS 1795

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

C O N F I D E N T I A L EC BRUSSELS 02349

DEPT PASS TO TREASURY AND EXIMBANK

E.O. 11652: GDS

TAGS: EFIN, XT, EXIM, EEC

SUBJECT: EXPORT CREDIT UNDERSTANDING

REF: A) SECSTATE 48065, B) EC BRUSSELS 1577, C) EC BRUSSELS 1330

D) SECSTATE 56696

1. SUMMARY: COMMISSION OFFICIALS REPORT THAT DISCUSSIONS ARE UNDERWAY TO INVOLVE THE EC IN AN EXPORT CREDIT UNDERSTANDING SO AS TO AVOID A POSSIBLE LEGAL DISPUTE OVER THE EC COMPETENCE IN THIS AREA. WHILE RECOGNIZING THIS IS AN INTERNAL EC MATTER, COMMISSION OFFICIALS EXPRESS THE HOPE THAT ALL PARTICIPANTS WILL ALLOW THE EC TIME TO WORK THIS MATTER OUT BEFORE ISSUING UNILATERAL DECLARATIONS. END SUMMARY.

2. IN A GENERAL DISCUSSION OF EXPORT CREDIT DEVELOPMENTS, COMMISSION OFFICIALS HAVE TOLD US THAT BRITISH AND GERMAN CONFIDENTIAL

CONFIDENTIAL

PAGE 02 EC BRU 02349 091110Z

OFFICIALS WERE DISCUSSING WITH OTHER MEMBER STATES POSSIBLE

WAYS OF INVOLVING THE EC IN THE PROPOSED EXPORT CREDIT UNDERSTANDING. THE SMALLER MEMBER STATES HAVE REVIEWED THE PROPOSED UNDERSTANDING AND ARE REPORTEDLY NOW CONSIDERING THE POSSIBILITY OF PARTICIPATING.

3. STILL TO BE RESOLVED, HOWEVER, IS THE ISSUE OF EC COMPETENCE IN THIS MATTER. FRG AND BRITISH OFFICIALS MET WITH FRENCH AUTHORITIES ON MARCH 8 TO CONSIDER POSSIBLE ARRANGEMENTS WHICH WOULD ENABLE THE EC TO BE INVOLVED. THOUGH THEY DO NOT KNOW THE RESULTS OF THE MARCH 8 DISCUSSIONS, COMMISSION OFFICIALS SAY THAT THE FOLLOWING POSSIBILITIES ARE BEING DISCUSSED: 1) A COUNCIL DECISION RECOMMENDING THAT MEMBER STATES ENTER INTO SUCH AN UNDERSTANDING; AFTER A TRANSITORY PERIOD, SUCH AS 12 MONTHS, THIS UNDERSTANDING WOULD COME UNDER EC COMPETENCE; OR 2) A COUNCIL DECISION INDICATING THAT FOR A TEMPORARY PERIOD, SUCH AS 12 MONTHS, NO EC ACTION WOULD BE TAKEN IN THIS AREA BUT SUBSEQUENTLY IT WOULD COME UNDER EC COMPETENCE. (COMMENT: NEITHER OF THESE SEEMS TO GET AROUND THE PROBLEM OF THE FRENCH NOT WANTING TO BE BOUND BY AN EC DECISION.)

4. COMMISSION OFFICIALS INDICATE THAT BOTH OF THESE PROPOSALS WOULD SATISFACTORILY MEET THEIR DESIRE TO ESTABLISH EC COMPETENCE IN EXPORT CREDIT MATTERS. BOTH WOULD INVOLVE A COUNCIL DECISION AND THEREBY CREATE AN EC FRAMEWORK FOR THE UNDERSTANDING. THE PROPOSALS WOULD ALSO ULTIMATELY GRANT THE EC FULL COMPETENCE IN THIS AREA. COMMISSION OFFICIALS CONTINUE TO MAINTAIN, HOWEVER, THAT IF THERE IS NO ARRANGEMENT WHEREBY THE EC IS INVOLVED IN THE UNDERSTANDING, THE COMMISSION INTENDS TO TAKE THE PARTICIPATING MEMBER STATES TO THE EUROPEAN COURT OF JUSTICE. THESE OFFICIALS HAVE TAKEN SOUNDINGS WITH SEVERAL KEY COMMISSIONERS ON THIS MATTER AND SAY THEY ARE CONFIDENT THE COMMISSION WILL SEEK LEGAL ACTION TO PRESERVE ITS COMPETENCE IN THIS MATTER. THEY BELIEVE THE CONSTITUTIONAL POINT IS TOO IMPORTANT NOT TO TAKE LEGAL ACTION, EVEN THOUGH THEY AGREE WITH THE INTENT AND THE TERMS, AS THEY

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 EC BRU 02349 091110Z

UNDERSTAND THEM, OF THE PROPOSED UNDERSTANDING.

5. COMMISSION OFFICIALS SAY THAT THEY HAVE EXPLAINED THESE VIEWS TO ALL MEMBER STATES. THEY ARE HOPEFUL THAT A SATISFACTORY COMPROMISE WOULD COME OUT OF THE CURRENT DISCUSSIONS. THEY ALSO EXPRESSED THE HOPE THAT THIRD COUNTRY PARTICIPANTS WOULD NOT PRESS FOR A PROMPT DECISION TO ISSUE PARALLEL UNILATERAL DECLARATIONS DURING THIS PERIOD AND ASKED

THAT WE PASS THEIR VIEWS TO WASHINGTON.

6. COMMENT: THE COMMISSION FINDS ITSELF IN THE AWKWARD POSITION OF AGREEING TO THE SUBSTANCE OF THE PROPOSED UNDERSTANDING BUT DISAGREEING WITH THE FORM. NEVERTHELESS, FOR THE SAKE OF AVOIDING A PRECEDENT WHICH COULD UNDERCUT ITS AUTHORITY IN THIS AREA, THE COMMISSION SEEKS CLEARLY DETERMINED TO TAKE THIS ISSUE TO COURT IF PUSHED TO THE WALL. COMMISSION OFFICIALS CONCEDE THAT EVEN IF THE COURT FINDS PARTICIPATING MEMBER STATES IN CONTEMPT, THERE IS NOTHING TO PREVENT THEM FROM FOLLOWING THE CONDITIONS SET DOWN IN THE UNDERSTANDING. THEY BELIEVE, HOWEVER, THAT AT LEAST SOME PARTICIPANTS WOULD BE RELUCTANT TO CONTINUE TO ADHERE TO THE UNDERSTANDING IF THE COURT FOUND THEM IN CONTEMPT FOR ENTERING INTO IT. END COMMENT.

7. THIS MESSAGE WAS DRAFTED BEFORE RECEIPT OF REF D. HINTON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, AGREEMENTS, CREDIT, PERSONAL OPINION, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 MAR 1976
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ECBRU02349
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760088-0933
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760381/aaaactlt.tel
Line Count: 132
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 EC BRUSSELS 1577, 76 EC BRUSSELS 1330
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by MartinML>; APPROVED <29 JUL 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXPORT CREDIT UNDERSTANDING
TAGS: EFIN, XT, EEC, XMB
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006